

DD/R-176-63

6 February 1963

MEMORANDUM FOR: The Comptroller

SUBJECT: Increased Productivity

1. The often repeated necessity for a hold-down or cut back in Government expenditures has again been the subject of increased attention and concern in recent months. Historically, there has been no holding of the line and Government has steadily increased in size and total cost of operation. It may well be argued that this growth has been only consistent with the growth of the American population, necessity for increased services and the growth in international importance and responsibility of the U. S. Government.

2. Some would argue, therefore, that in a sense holding-the-line efforts have actually succeeded or else the rate of growth would have been even worse. The current stress on this theme symbolized by the expression "increased productivity" has generated more serious concern and a feeling that something will and must be done than has been the case for some years. It will be interesting to see whether in fact any new approaches, new techniques or new results will be achieved this time. Based on the number of writings and discussions both between individuals and within groups this is currently a most active topic around Washington. While the squirming and anxiety seems to have reached a new level, I have been impressed with the fact that by and large this has been met with not much more than a brushing off of the same old arguments as to how it really couldn't be done, the impossibilities of any sort of Government-wide set of standards or measurements of either a quantitative or qualitative nature whereby Government productivity may be measured.

3. This rather typical expenditure of energy to fight the problem is encountered all too frequently, particularly at intermediate and lower echelons, while serious efforts to examine carefully and deliberately ways and means to increase

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productivity are so seldom encountered. It was with much interest, therefore, that I read the comments of [REDACTED] entitled "Reflections on Agency Productivity Issues, FY 1964".

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4. [REDACTED] paper contains some provocative and potentially fruitful suggestions. Generally speaking the concept of increased productivity means either that one do the same plus more with either the same or possibly less assets. It may also mean better and more important services substituted for existing and previous services while holding the same level of expenditures.

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5. The main thrust of [REDACTED] paper is the proposition that the Agency must look at its total objectives more as an integrated organization, minimizing internal parochialism, and from such objective identification of priorities of importance allow lesser activities to fall by the wayside. He rightly observes that to do this is not easy and will take strong central guidance and direction and an intelligent Agency-oriented approach to development of Agency programs and concomitant allocation of resources. Within the whole context of this subject several points can hardly be debated; specifically:

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a. The validity of these principles pointed out by [REDACTED]

b. Marginal activities of lesser relative importance are continued within the Agency.

c. We could manage with fewer people if more of them were as effective and valuable as the best 30%.

(To amplify this latter point, I doubt there exists within the Agency a supervisor with a fully staffed T.O. who couldn't identify some personnel whose separation would not in the slightest diminish the output or effectiveness of the organization and similarly would feel that he could maintain, perhaps even improve, his operation if he could replace his weakest 15% with half their number who would be as effective as his best 30%.)

6. If these three premises are indeed accepted the real challenge is how to do something about it. The virtues of good planning, of monitoring and review, of maintaining

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a dynamic drive to do the defined objectives, the elimination of the non-essential have long been admired and cited as the basis of good sound management. Every authority in the management field, however, when faced with the question how to do it always answers that this part you have to solve for yourself. Thus historically, efforts to make intelligent, analytical, far sighted objective steps along this path have generally bogged down without providing the desired solution. Repeatedly the simple technique of percentage reductions allocated to each Deputy Director and the "balance maintained" has been resorted to as pointed out by [REDACTED] 25X1A A former DCI, General Bedell Smith, is credited with having said that the percentage reduction is probably the stupidest way in the world but seems to be the only way.

7. I submit that it will continue to be the only way until and unless someone can develop for the Agency the "how-to" for carrying out the undisputed virtues of over-all planned programming. There is a strong tendency in the face of this difficult task to say that it is too idealistic and can't really be done. I am of the conviction that it can be done to a degree, though perhaps short of perfection, still well in advance of any point we have yet achieved. There are no doubt numerous ways in which this objective might be approached or described but for ease of illustration and as an aid to understanding, perhaps work programs could be thought of figuratively, as pyramids. This allegory is developed in this fashion:

a. The top management of the organization determines and defines what its purposes and objectives shall be; i.e., the goals to be achieved within a specific time schedule. (This factor of strong top-side direction is the fundamental key.) This schedule may have specific attainment points by each fiscal year or other time period. These objectives are spelled out and the top stone at the apex of the pyramid is labeled with this objective which may be either continuing or may be finite with a conclusion (finish) point.

b. Having defined the objective and spotted the top stone on the pyramid, how does one get there? It thus becomes necessary to carefully review each stone that will have to be placed and identify a time at which it must be placed in order that the objective is achieved on the schedule desired. This work is a

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continuing and dynamic process and the determination must be made as to which organizational components will accomplish each of the stone placements in the building of the pyramid. In this fashion it is possible to make clearer what constitutes essential ingredients in this total plan of achievement and identify those things being done or planned which do not contribute to the accomplishment of these stated objectives; i.e., unessential to the strength and symmetry of the pyramid. Those activities which fall out, that is, which cannot be justified as an essential stone in the development of the pyramid are examined as to the basis of their existence. To date it is often impossible to know whether somethings are essential or not because of the uncertainty of exactly what it is we must, as an agency, accomplish.

8. To illustrate further within each defined and stated objective (pyramid) it should be possible to determine the particular contribution each agency component would be expected to make and schedule accordingly. Thus, if the DD/I is required to produce an analysis, essential to which will be an input of new data to be collected by the DD/P or the DD/R, the timing and determination of specification can be resolved. There has been, in my opinion, much too great a gap in the program of production by the DD/I and the collection operations to support such production by the DD/P or other collecting agents. Not infrequently the deadline for an intelligence publication will have been reached before requirements to provide inputs to this product have even reached the collector in the field. Similarly, collection projects have been developed which produced unwanted information. Without such a scheme of integrated planning which takes into account, on a time basis, the objective, it is not possible to utilize effectively the resources of material, manpower and money. Conversely, with an integrated plan it is possible for each supervisor to make intelligent decisions based on his knowledge of the total objective and his relationship to it. Thus, it becomes possible to include in such a plan the necessary time to acquire new skills or new assets on a schedule consistent with the need.

9. The absence of such planning is demonstrated daily. Where there has been time to have a person trained and

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prepared to do a job which could have been envisioned many months or even years earlier; because of imminent deadlines, only the less effective people can be spared for developmental opportunities. Crash acquisitions of material are required because an intelligence production deadline has been reached without the orderly and timely issuance of requirements and frequently even worse information has been collected against requirements no longer valid or needs no longer existent while at the same time the intelligence reports must be produced against which a collection operation has not even begun; and produced by personnel with less than optimum preparedness for the task. A mutual sense of purpose and direction as an integrated team, should reduce such occurrences.

10. The main ingredient which I have attempted to show in the foregoing illustrations and the use of the pyramid as a graphic to illustrate each of the Agency's major objectives, is that definition; i.e., a program, must have its genesis at the top with the Agency point of view in mind and within or under this, components develop their programs. At the risk of overgeneralization it is my impression that we have to date tended to build so-called programs by letting each component state what it plans to do, very often in happy isolation and ignorance of where in the big scheme of things the Agency is going, and what any other component is going to be doing. We pull all of these pieces together and call it a program. In the matter of programing we must build from the top down in order that we have guidelines against which decisions can be made.

11. The foregoing is not intended to imply that a state of anarchy exists in the Agency programs, but rather, that more of our total effort could be more effectively used. The emphasis being proposed here is a stronger central top-side program; less of a federation of components.

12. The principles dealt with here are consistent with those of the Chief, Budget Division, but would look to something stronger than a committee for implementation. The establishment of a program planning staff of high sophistication to advise and assist the DCI in developing and defining objectives may be called for. It would not seem inappropriate for the program and planning function to receive the same august attention as the National estimates themselves. Indeed, the Board of National Estimates could provide a significant input to the planning function at the Agency level.

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